

SECRET

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

*Production 5d*

25X1

11 March 1974

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Planning Perspective of the Intelligence Environment

1. Attached is a draft copy of a proposed "Planning Perspective of the Intelligence Environment."


2. This would replace the "Perspective of the Intelligence Environment" which was disseminated last August. Part I of the new draft, "Trends in the World Situation," is an updating of Part I of the 1973 "Perspective." Part II in the new draft, "The Intelligence Imperatives," is a completely different approach from that presented in the 1973 paper. Differences between the two are illustrated by their sub-headings:

1973	1974
<u>Primary Intelligence Problems</u>	<u>The Intelligence Imperatives</u>
Warning	Requirements
Current Intelligence	Collection
Estimates and Net Assessments	Processing and Exploitation
Arms Control Intelligence	Analysis
International Trade and Finance	Production
Narcotics	Dissemination
Some New Global Problems	Management

3. The new draft has not been circulated outside the Intelligence Community Staff as yet.

4. If we can get your guidance by mid-week we can have a re-draft ready for dissemination for comment to USIB and IRAC members, and to the NIOs by the time you leave on your trip. We would ask to have these comments back to IC Staff prior to your return.

SIGNED

  
Lieutenant General, USA  
D/DCI/IC

25

Attachment  
As stated

25X1

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

ST

SECRET

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

25X1

Distribution page for DCI/IC 74-0975, Memo to DCI, from D/DCI/IC,  
subject: Planning Perspective of the Intelligence Environment

25X1 DCI/IC/CS/[ ] is (3/11/74)

Distribution:

- 1 - DCI
- 1 - DDCI
- 1 - ER
- ① - IC Registry
- 1 - D/DCI/IC
- 1 - AD/DCI/IC
- 1 - PD/DCI/IC
- 1 - D/MPRRG
- 1 - D/CPAG
- 1 - D/PRG
- 1 - C/CS
- 1 - CS subject
- 1 - CS chrono
- 1 - [ ]

25X1

25X1

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

SECRET

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

25

THIRD DRAFT

\* \* \* \* \*

PLANNING PERSPECTIVE OF THE  
INTELLIGENCE ENVIRONMENT

11 MARCH 1974

25X1

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

11 March 1974

## PLANNING PERSPECTIVE OF THE INTELLIGENCE ENVIRONMENT

### INTRODUCTION

1. This planning perspective of the intelligence environment presents an overview of the evolving world situation, with emphasis on the elements which are expected to affect US intelligence activities during the next several years, and identifies areas in which redirection or changes in emphasis will be required within the Intelligence Community.

2. Part I, "Trends in the World Situation," is a projection of political/economic/military developments, described in terms of the impact which these changes are likely to have on the intelligence consumer needs to which the Community must be responsive.

3. Part II, "The Intelligence Imperatives," sets forth planning guidelines for US intelligence in the kind of international environment described in Part I. The "imperatives" are discussed in terms of the various elements of the intelligence cycle -- requirements, collection, processing, analysis, production and dissemination -- plus management.

~~SECRET~~

25

I TRENDS IN THE WORLD SITUATION

A. General

1. The international environment is changing rapidly and often in unusual ways. Once-quiescent client states are stirring and turning away from their patrons; small countries with enormous resource wealth are challenging the economic practices and positions of much larger and stronger states; and relations between contending major powers and alliance systems are shifting into new and sometimes novel configurations. Tension between East and West has eased, but competition between the superpowers is still sharp and manifests itself in new forms and in new arenas. (and others) Clearly, these matters add to the complexity and volatility of world politics and impinge on the activities of the United States Intelligence Community, imposing new tasks, modifying old objectives, and altering existing priorities.

2. This is not to say that the world and the intelligence business are being transformed overnight. None of these changes, for example, has diminished the longstanding national need for timely and sophisticated military intelligence. On the contrary, such creatures of detente as SALT and MBFR demand a major <sup>effort</sup> to monitor compliance; the movement of Western Europe into a more independent and self-reliant position necessitates a closer look at European defense plans and concepts; the precarious state of relations between the USSR and China forces the community to watch the forces on both sides of the Sino-Soviet border. And the Hanoi did so on.

~~SECRET~~

25X1



B. The Sino-Soviet-US Triangle

3. Few matters of importance in world affairs will arise in the 1970s which will not be affected by the relationships of the US, USSR and China. Two basic circumstances have determined the course of these relationships in recent years: the USSR's achievement of strategic nuclear parity with the US, and the emergence of the military confrontation between China and the Soviet Union in Asia. These factors, for example, have combined in various ways to reinforce the trend in both Moscow and Peking toward policies of detente vis-a-vis the West. Specifically, the desire of each communist power to prevent the other from gaining relatively greater favor with Washington has encouraged restraint vis-a-vis the US, even in the face of strong US initiatives.

4. Soviet behavior since the signing of the strategic arms limitation agreements indicates an apparent willingness to accept parity with the US in numbers of strategic weapons. But the pace and scope of ongoing research, development, and testing programs for a variety of Soviet strategic systems suggests the USSR is intent upon achieving significant qualitative improvements in their offensive forces. This, coupled with sharp improvements in Soviet strategic defenses, could enable the USSR to gain a decisive strategic advantage over the US. This possibility must of course be a principal concern

SECRET

25X1



5. The Chinese are obviously devoting much energy to increasing their military defenses and their political strength vis-a-vis the Soviet Union. The Soviets for their part are seeking to contain China--in Asia, in the West, and in the communist movement--and are continuing to improve their capabilities for military contingencies along the border. There are differing views as to the likelihood of a major Sino-Soviet armed clash, but the seeds of armed conflict are well planted.

6. At some point in the 1970s, Chinese nuclear power will almost certainly preclude a rational Soviet decision to resort to military action. This, together with Peking's possible development of a limited nuclear capability against the US, might make it easier for Peking and Moscow to move toward some form of rapprochement. It is also possible, of course, that even independently of developments in the military sphere, the post-Mao (and perhaps post-Chou) regime in Peking will seek a real lessening of Sino-Soviet tension. Though chances of a fundamental reconciliation between China and the USSR seem very remote, even a limited improvement in relations could have a significant effect on US policy.

C. The Multipolar World

7. The new pattern of relations among the three great powers, the climate of detente in East-West relations, and the growth of an overall sense of security and self-confidence in Bonn and Paris

SECRET

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

25X1

| and elsewhere have all helped to thrust another major power center, Western Europe, into the area of prime intelligence interest. Preoccupied with their own and European (EC) concerns and feeling free to serve their own national interests with less regard for those of the US (and sometimes for those of the Atlantic community as a whole), the Europeans are at the same time becoming more and more apprehensive about the durability of the US commitment to Europe and increasingly suspicious of US motives vis-a-vis the USSR. And all this has now been further complicated by European unhappiness about US policies in the Middle East and by the anxiety of individual European states over the supply of oil from Arab sources.

8. To some extent for similar reasons, though partly because of its special relationship with China, Japan too has begun to emerge as an important power center in world affairs. Smaller states once very closely associated with the US, including Canada, Australia, and several key Latin American countries, have also tended in recent years to become more self-assertive and less inclined to follow the lead of Washington. The same is true of Iran, which has become a world economic force and a regional military power, and Saudi Arabia, which is moved in large part by considerations concerning Israel.

I-4

SECRET

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9



SECRET

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

25

9. Elsewhere, in the Third World, the large non-aligned countries, such as India and Indonesia, and the strategically located states, such as Somalia and Singapore, will continue to attract Soviet interest and, where Moscow finds it feasible, a Soviet presence. Competition in these areas with the US and in some instances China will persist and perhaps grow.

10. Because of trends of this character, the community is likely to be called upon to provide extensive political, economic, and military intelligence on a wide variety of countries which were once given only cursory attention. The community must also face the thorny problem of a probable need by the US Government for reliable and timely information on the actions and operations of the major multi-national corporations. It is clear in addition that the US intelligence community will be engaged worldwide in acquiring data on the availability of natural resources and on foreign technological developments.

D. NATO-Warsaw Pact

11. Serious issues attend the development of detente in Europe. While skeptical that the USSR will ever allow the erasure of the line dividing Europe into two blocs, the West Europeans are eager to expand economic relations with the USSR and Eastern Europe and to achieve a general political relaxation in Europe. The Soviets, seeking credits and technology in the West, are anxious nonetheless to preserve their

Approved For Release 2004/05/21 : CIA-RDP80M01082A000800120006-9

dominance in the East. Many of the East Europeans are also torn between their hopes for the kind of greater autonomy East-West rapprochement could bring, and their fears that the West might, in the name of detente, concede to Moscow the permanent right to rule its own sphere in Eastern Europe. Romania, already in effect a non-practicing member of the Bloc congregation, is especially concerned about the possible effects of cordiality among the large powers on its own future as a small power.

12. Detente has of course also posed problems for the Western alliance. The cohesion and effectiveness of NATO in an era of Ostpolitik is by no means assured. Even assuming a basic unity and common purpose vis-a-vis the USSR, a confident measure of the relative military strength--primarily conventional strength--of the two alliances is a key intelligence problem. So too is the need to insure high confidence in our estimates of relative strength so that the US and its NATO allies have a clear and mutual understanding of the nature of the threat.

#### E. Middle East

13. The evolution of the Arab-Israeli conflict and the Soviet role in the area will remain major targets of US intelligence efforts in the Middle East. US attention is now focused on the development of a peace settlement, Arab use of oil resources as a political weapon, and the Soviet role in the area, particularly from the USSR and France.

25X1

14. The Soviets will seek vigorously to offset any decline in their influence in the area stemming from a US-sponsored settlement. Yet the movement toward settlement is not without advantages for the USSR insofar as it reduces the chances of another round of hostilities (which could threaten severe damage to the interests of their clients and risk both their own direct involvement/ and insofar as it prepares the way for a reopening of the Suez Canal (and freer and quicker Soviet access to the Indian Ocean).

F. Southeast Asia

15. It is unlikely that the fighting in Southeast Asia will cease before 1980, if then. All countries in the area face ongoing or latent insurgencies. Defeat by insurgents of the forces of the incumbent governments--especially those of South Vietnam, Thailand, and the Philippines--could have serious consequences for US interests. For some time to come, then, intelligence will be called upon to provide extensive reporting.

G. Other Potential Trouble Spots

16. The Balkans, South Asia, Latin America, and southern Africa (where black and white dominated nations confront each other) are all areas where eruptions are possible and where US interests are involved. In the Balkans, the passing of Tito might tempt the Soviets to try to return Yugoslavia to the orthodox communist fold.

25X1

In South Asia, the situation in Pakistan and the relationship between Pakistan and Afghanistan remains unsettled. In Latin America, the USSR's military presence in the Caribbean and its influence in Peru and the emergence of increasingly nationalistic and often anti-US regimes pose the principal problems for the US and US intelligence. Finally, all over the world, and in all types of societies, there is a growing tendency among ethnic groups to demand, often violently, that their institutions, cultures, and aspirations be accorded special recognition. This is a tendency likely to grow and to become more disruptive as the decade progresses.

SECRET

25X1

## II THE INTELLIGENCE IMPERATIVES

1. The preceding section has described the environment within which foreign intelligence activities of the United States must be conducted and has indicated the priority needs to which the Intelligence Community must respond. The manner in which this response will be made and the more important of the factors which impact on the size of the National Intelligence Program deserve brief consideration.

2. The Intelligence Community functions in a world marked by change and recurring crises, and intelligence resource allocation processes should facilitate flexible response as new intelligence needs arise or old ones change. This calls for close attention by managers to all aspects of the intelligence cycle -- collection, processing and production. In meeting crisis and change each of these elements can be orchestrated to achieve the basic "imperative" -- which is to insure that officials of the United States Government are provided with intelligence which is timely, as factual and objective as possible, perceptive, and directly responsive to their priority needs.

3. The performance measure for all Intelligence Community managers will be their effectiveness in insuring that:

~~SECRET~~



25X1

-- Close and continuing relationships are maintained with the primary users of intelligence as a means of enhancing intelligence responsiveness to identified needs;

-- Collection activities are focused so that intelligence analysts can respond to the important continuing requirements of the intelligence customers, and also are flexible enough to react to changing circumstances and to crisis situations;

-- Adequate facilities and professional manpower are provided to process collected data and produce finished intelligence;



SECRET

25X

-- The sum of national and operational intelligence capabilities supports both national needs and the specialized field requirements of the military commands and forces;

-- Resources are applied with full attention to cost-effectiveness and to the relative priority of intelligence tasks;

-- Planning and programming activities fully anticipate changing future needs even while the Community is responding to today's problems.

A. Requirements

4. While considerable progress has been made to improve awareness within the Intelligence Community of the particular needs of the major users of the finished end products, there remains a need for more direct involvement of the consumer in this process. The manner in which the "Key Intelligence Questions for FY 1974" paper was handled is a move in this direction. So also is the charge to National Intelligence Officers that they maintain continuing liaison with the principal users of intelligence

~~SECRET~~

25X1

in each NIO area of responsibility. All production elements of the Community should press toward development of improved means of getting their consumers to indicate their needs -- future as well as present -- in as specific a manner as possible.

5. Closely related to this effort must be greater recognition that there are really three orders of requirements, and attention must be given to the first order questions before second and third order requirements can be usefully defined. First order requirements are the basic, fundamental questions which the Community must answer. Second order requirements break the first order ones into their components, and third order requirements are the specific "collectibles" -- the specific data which can be used to answer second and first order requirements. As an illustration:

-- A first order requirement is to determine whether the USSR poses a significant manned bomber threat to the United States.

-- A second order requirement, stemming from this particular first order requirement, is whether the Backfire is an intercontinental bomber.

~~SECRET~~



SECRET

25X1

25X1

6. Focusing on third order requirements without clear awareness of the first and second order requirements from which the need for specific collection arises invites an ineffective use of resources which the Community can ill afford.

B. Collection

7. The ability of the Intelligence Community to cope with its responsibilities depends in large measure on the effectiveness of key collection programs. Most of the dollar costs of the US foreign intelligence program are expended on technical collection activities. Rising costs will certainly press hard on these expensive systems and the essentiality of some of these projects must be questioned and activities phased out when careful investigation supports such action. At the same time, new capabilities are needed to obtain information not now being collected, particularly data on the softer targets for which senior-level policy interest is developing. The demand for timely detail will place a strain on traditional collection methods, and given budgetary and manpower constraints harder choices may have to be made as to the relative priorities of tasks assigned to collectors.

8. The major portion of the dollar cost of the foreign intelligence collection effort is now and probably will continue to be focused on a few targets of very high concern at senior policy levels of the US

SECRET

25X1

Government. These targets encompass the intelligence required for:

SALT verification

MBFR negotiations

The Limited Test Ban Treaty

Southeast Asia

The Middle East

PRC weapons systems

Nearly three-fourths of the "Key Intelligence Questions for FY 1974" relate directly or in part to these six subjects, as do a large number of the highest priorities in the Attachment to DCID 1/2, "US Intelligence Priorities."

9. The key word in any description of what the strategic situation will be like in the late 1970's is "uncertainty" - primarily uncertainty about the technical, the military and the political ramifications of Soviet programs. The United States effort in the SALT negotiations is directed at reducing these uncertainties, and to achieving a stabilization which will be both safer and less costly in resources. This effort depends largely on reliable intelligence.

II-6

10. The need for intelligence to support political negotiations and to support the United States in the worldwide competition for scarce goods clearly will require increased attention to other types of collection targets and to a new geographic focus. This is particularly true with respect to intelligence on international trade and finance as concern rises for the economic security of the United States. Responding to the expanding need for political and economic information will require more than exploitation of signals intelligence, imagery and clandestine activities. Greater attention will have to be applied to overt collection opportunities of all kinds, including more effective use of Foreign Service and Treasury Department reporting and the development of closer ties through the USIB mechanism with other domestic organizations such as the Commerce and Agriculture Departments.

11. Considerable attention is being given to improving US capabilities for security posture management on a worldwide basis, and because of the Intelligence Community's responsibilities for the provision of warning, it must be intimately involved in the functioning of the posture management system.

12. Careful attention also will have to be given to strengthening liaison arrangements and expanding reliance on non-US intelligence assets where investigation indicates that foreign intelligence services can provide a unique capability or can furnish reliable information at less cost than if US resources were used to acquire the same information.

13. The past several years have been marked by considerable progress toward systematizing and improving the guidance provided collectors. The identification of important information deficiencies as part of the "Key Intelligence Questions" evaluation process, the Defense Intelligence Agency's "Current Near-Term Defense Intelligence Objectives (CNTDIO)," and the assignment of priorities to intelligence topics by individual country in the revised Attachment to DCID 1/2 are steps in this direction. But, improved guidance is not enough. It should be accompanied by evaluation of the impact of collection guidance on actual results and operations in a manner which will provide better basis for making choices in resource allocation and budgets.

~~SECRET~~

25X

C. Processing and Exploitation

14. Two problems needing a heavy dose of management attention in this phase of the intelligence cycle are: (1) improvement of techniques for gleaning from the mass of potentially useful data that which is actually needed by intelligence analysts; and (2) better means of assuring that the processed output is in a format which enhances its utility to the analyst. The need for the identification and application of priorities to cope with the volume of information collected or collectable is at the heart of the difficulties associated with intelligence processing.

15. Ease and convenience of processing must not be allowed to override consideration of the utility of the information being processed. Unless the end result of processing is in a format directly useful to intelligence analysts, there is great risk that the collection/processing effort will come to naught. Improved interchange between analysts and processors is essential; the analysts must understand the processing problem and the processors must appreciate the information needs of the analysts.

II-9

~~SECRET~~

~~SECRET~~

25X

16. The manpower, equipment and other costs associated with processing activities must be carefully assessed at the time decisions are being reached on new or improved collection efforts. Care must be taken to insure, in particular, that imagery and signals intelligence collection capabilities are not programmed without careful measure of associated processing and exploitation costs, including any necessary research and development and arrangements to format processed data to optimize its use by analysts. Policy deliberations on the flow of data must be addressed early in the planning process.

17. The "communications explosion" is not an abstract phrase in exploitation either of the data acquired by technical sensors or of available open source information. The modes of communicating finished intelligence to consumers particularly needs reappraisal as systems take on more sophisticated forms. These forms need to be understood from both analyst and user viewpoints. Analysts and consumers must be called upon to participate in their construction.

18. As Vietnam experience clearly demonstrated, particular attention still needs to be given to improving capabilities for processing and exploiting imagery in operational situations. Processing

~~SECRET~~

25

16. The manpower, equipment and other costs associated with processing activities must be carefully assessed at the time decisions are being reached on new or improved collection efforts. Care must be taken to insure, in particular, that imagery and signals intelligence collection capabilities are not programmed without careful measure of associated processing and exploitation costs, including any necessary research and development and arrangements to format processed data to optimize its use by analysts. Policy deliberations on the flow of data must be addressed early in the planning process.

17. The "communications explosion" is not an abstract phrase in exploitation either of the data acquired by technical sensors or of available open source information. The modes of communicating finished intelligence to consumers particularly needs reappraisal as systems take on more sophisticated forms. These forms need to be understood from both analyst and user viewpoints. Analysts and consumers must be called upon to participate in their construction.

18. As Vietnam experience clearly demonstrated, particular attention still needs to be given to improving capabilities for processing and exploiting imagery in operational situations. Processing

~~SECRET~~

25X1



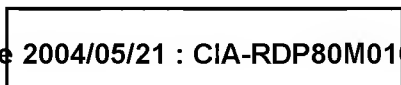
and exploitation capabilities must be developed to cope with a flood of imagery data. The alternative would be to insure that photo reconnaissance is much more selective than was the case in Southeast Asia.

#### D. Analysis

19. Raising the quality of intelligence analysis which goes into the expression of intelligence judgments remains an essential element of efforts to respond to the President's Directive of November 1971 that the "quality, scope and timeliness" of the intelligence product must be improved. The essentiality of focusing attention on analysis was clearly indicated by the post-mortem on the Arab-Israeli crisis of 1973--while other elements of the intelligence chain performed creditably, analysis was the weak link.

20. The improvement of analysis involves continuing attention to the proper selection and training of individual analysts, to improved organization of the data bases, and to positive application of effective quality controls throughout the intelligence production process. Special promotion treatment for those analysts who most clearly demonstrate high-quality output could contribute to their motivation. Good analysts should not have to move into executive or administrative positions to get promoted.

21. The Intelligence Community is experimenting with the use of quantitative methodologies which appear to offer promise of improving the expression of estimative judgments.





SECRET

25X

Production organizations should deliberately seek out and test improved methodologies and techniques of estimative analysis and presentation, taking advantage of ongoing research and development in the informational and behavioral science fields. Particular attention should be given to better ways of describing and analyzing uncertainties in estimates dealing with the expected future course of events.

22. Basic improvement in information handling techniques and enhanced capability between and among computer-based systems are essential elements of the effort to upgrade the quality of intelligence analysis. Much attention has been focused in recent years on improving the means of collecting data and the time has come to concentrate more on the means by which collected data can better be manipulated and presented -- both for analysts use and for enhancing service to the intelligence consumer.

E. Production

23. While successful collection, timely processing and sound analysis of data are the foundation of an effective foreign

SECRET

SECRET



25X

intelligence effort, it is the responsiveness of the end product to user needs which provides the basis on which the US intelligence program is judged. Constant attention must be given to insuring that the finished intelligence output responds in a timely fashion to the actual needs of the intelligence customer. Encouraging progress is being made, but it is essential that the Intelligence Community sustain its efforts.

24. | Programs are underway to enhance the performance of the Community in crisis situations and to develop a "family" of national intelligence production which, hopefully, will provide senior government officials with a lesser volume of paper but more in terms of Community judgments on matters of policy interest.

25. | Establishment of the National Intelligence Officer system is intended to provide a means to improve liaison with key users of intelligence and to enhance the direct responsiveness of Community end products to the identified needs for intelligence in support of policy making. Full Community support of the NIOs is essential.

SECRET

25X

26. The need to enhance intelligence performance in crisis situations calls for a continuing focus on the efficient functioning of the indications and warning system, on avoidance of stereotyped approaches to analysis of the situation in periods of developing crisis, and on provision of intelligence judgments to consumers on a timely basis. Programs underway to use secure communications nets as a means of speeding the production of coordinated factual bulletins and timely analyses must have full Community cooperation. Automated data support for analysts is particularly important in crisis situations, and the Intelligence Community must keep abreast of the state-of-the-art in this field.

27. Efforts are underway to identify areas in which national and operational intelligence production can better interface. This is a two-way street, and in the interest of efficient use of limited resources, care is needed to insure that unnecessary redundancies are avoided in the exercise of national production capabilities and the capabilities of operational field elements of the Department of Defense.

II-14

SECRET

SECRET

25X

F. Dissemination

28. The Intelligence Community is operating in a milieu in which sensitive classified information appears to be "fair game" both for the public media and for some few persons authorized for access to classified intelligence who, for whatever reason, are inclined to "leak" information to the media. The end result is that sensitive intelligence judgments and sensitive sources and methods appear to be more at risk from unauthorized disclosures than is acceptable.

29. The Community should pursue two related courses of action. First, every effort should be made to instill in all personnel engaged in intelligence activities a sense of personal motivation for the protection of intelligence information and intelligence sources and methods from unauthorized disclosure. Second, while those who need access to intelligence in pursuit of their assigned responsibilities must have it, dissemination of publications or other documents containing sensitive information must be handled on a strict need-to-know basis.

G. Management

30. Problems of the variety and magnitude of those thus far described involve all management levels. Guidance to all levels can be achieved if top intelligence managers establish well-defined objectives and milestones to accomplish the essential elements of their missions. Such objectives will range from enhancing personnel competence and productivity to the creation of methodologies for diverting major elements of their resources from one target to another. Development of means of measuring performance against objectives is as important as identification of the objectives themselves. Every manager should be able to identify deficiencies, define approaches to overcome them, and relate these approaches both to new investment need and to proposed resource adjustments in their budget formulation.

31. It is important, of course, that the objectives of the individual managers at all levels be related in such a way that they enhance the contributions of individual organizations to the total US intelligence effort and support the overall performance of the Community.

32. The President has provided a foundation for intelligence management objectives by his approval of the Director of Central Intelligence memorandum of 6 September 1973, "Objectives for the Intelligence Community." This memorandum was built around the five primary responsibilities assigned to the DCI in the President's

SECRET

memorandum of 5 November 1971, "Organization and Management of the US Foreign Intelligence Community." These responsibilities stressed the need for (1) improving the intelligence product and making it more responsive to national requirements, (2) assuring authoritative and responsible leadership for the Community as a whole, (3) making more efficient use of collection resources, (4) reviewing the assignment of intelligence functions and revising such assignments as necessary, and (5) insuring the provision of the intelligence needed for US policy making and for the planning and conduct of military operations by US forces.

33. A specific listing of management problems of current importance is contained in the statement, "National Foreign Intelligence Management Objectives for FY 1974," issued by the Director of Central Intelligence in December 1973 after consultation with the Intelligence Resources Advisory Committee (IRAC). A copy is attached as Tab A. These objectives, coupled with the management objectives for FY 1975 -- currently under development -- are intended to make the identification and implementation of management objectives a central element of the functioning of the Intelligence Community.

34. For the longer-term future, the following conceptual goals are proposed as basis for the development of intelligence objectives:

II-17

SECRET

- a. Changing the concept of the Intelligence Community to something more nearly representing a true Community through participatory management.
- b. Developing mechanisms for Community-wide planning.
- c. Creating meaningful measures of the cost effectiveness of intelligence activities.
- d. Keeping intelligence programs firmly in phase with stated requirements and priorities.
- e. Promoting an understanding of the operating dynamics of the Community as a foundation for any needed changes in roles, missions and functions.
- f. Increasing personnel productivity.

35. The President has called upon the Director of Central Intelligence to assume responsibility for leadership of the Intelligence Community and to report to him on both Community needs and performance. Fulfilling this role requires Community-wide involvement of the DCI. To accomplish what the President expects, however, the Assistant Secretary of Defense for Intelligence and all intelligence program managers also have important roles to play which extend beyond the confines of their departmental or program responsibilities. The Department of Defense should insure full participation by the intelligence organizations of the

military services and of the field commands in all areas in which they can contribute. The goal is active involvement of all elements of the Intelligence Community with the DCI in furtherance of Community interests. Even though the Community consists of a considerable number of separate organizational elements there is a growing tendency on the part of the President, the Congress and the National Security Council to look upon it as a true Community for which the DCI is the spokesman. Participatory management should enhance the development of the Community planning which is essential to respond to the President's Directives.

36. Community-wide planning today exists only in a relatively few large-scale activities involving technical collection sensors. The kind of world environment described in Part I, however, requires broadening the use of the IRAC and considering individual planning initiatives from a Community vantage point as well as individual agency posture. The USIB and IRAC, plus the Intelligence Community Staff, provide the DCI a foundation from which this kind of planning review can evolve.

37. Integral to Community-wide planning is the devising of an "audit trail" from important substantive end products of the Intelligence Community back to the costs for collecting, processing and analyzing the data. The cost effectiveness of each contributor participating in each phase of the intelligence cycle needs to be related



to values assigned to the resulting end product by the users. The "Key Intelligence Questions" and the process developed for evaluation of Community performance thereon will help define where dollars can best be allocated. Regular quarterly reporting to IRAC on how funds are being expended in the current year help identify and give visibility to the present program direction. These steps are a start on what will become an important ingredient in resource allocation.

38. Inflation in operating costs clearly exists. These realities will require that much of management's time be devoted to planning, controlling and matching intelligence activities with stated intelligence requirements and priorities. There is likely to be little relief from time consuming budget reviews and special studies.

39. Performance is intimately related to structure. It can be expected that close attention to objectives and efforts to improve the overall performance of the Community will call for adjustments in roles, missions, functional assignments, and perhaps to changes in basic regulations. Any such changes must be based on a good conceptual understanding of the operating dynamics of the Intelligence Community, but study and analysis which could lead to such changes is encouraged. Management and analysis methodologies and techniques are available and should be applied.

40. Increasing personnel productivity is essential, and accomplishing this will require careful attention. It is critically important that fully adequate numbers of personnel be made available for analysis and

production, but this is only part of the problem. The man-machine interface must also be improved to cope with the quantities of data which collection systems are making available. Facilities for information handling are the nervous system of the Community. The more effective this system is, the better personnel productivity can become. A rise of 2 or 3 percent per year in productivity, where this can be measured, could provide the flexibility needed to support advanced off-the-job training for intelligence personnel as well as permit space needs to hold level. Inter-agency integration of training offers further opportunities for productivity enhancement and operating economics. Such training also should offer an assist to creativity and to the interchange of ideas and understanding among intelligence personnel.

41. Not the least complex of the various actions involved in increasing personnel productivity will be efforts to attain true "state-of-the-art" capabilities. Much has been done to push acquisition of state-of-the-art capabilities in complex collection systems, but far less attention has been given to the problem of providing improved support for analysts. Technology as advanced as that applied to the development of collection sensors may well be needed to optimize capabilities in other parts of the intelligence cycle and to devise better methodologies for processing, exploiting, analyzing and presenting intelligence to its users.

Att: Tab A

II-21